GOVERNMENT OF INDIA

PLANNING COMMISSION

# FALL IN FOREIGN EXCHANGE RESERVES

March 1958

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A drain on India's foreign exchange reserves began in April 1956 and has continued uninterruptedly ever since. By the end of March 1957 despite a credit of Rs. 61 crores from the IMF, the reserves had fallen by Rs. 219 crores. The sterling balances at that date stood at Rs. 527 crores. Further losses since then had reduced them by the fourth week of September to Rs. 360 crores and it has been estimated that they may have fallen to about Rs. 260* crores by April 1958.

2. These foreign exchange difficulties are attributable to a rise in imports rather than to a fall in exports, which in fact have been somewhat higher than the Rs. 593 crores assumed in the Plan. The figures for the last three years are given below:—

(Rs. crores)

| | 1954-55 | 1955-56 | 1956-57 |
|---|---|---|---|
| Exports . . . . . . | 596·6 | 641·1 | 637·0 |
| Imports . . . . . . | 683·8 | 750·6 | 1076·5 |

The very heavy imports amounting to Rs. 1076 crores in the year 1956-57 are about Rs. 200 crores higher than the average annual rate of Rs. 868 crores assumed in the Plan and Rs. 326 crores higher than in 1955-56. They are likely to continue at a high rate in the current year, despite the severe restrictions which have been imposed, since there is a heavy load of past commitments, amounting in September to something like Rs. 990 crores, and these past commitments will reflect themselves in actual imports during the current year.

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*This paper was prepared in October 1957 and the estimate of Rs. 260 crores was made at that time. The correct figure is likely to be about Rs. 280 crores.

In paragraphs 2 and 4 reference is made to outstanding commitments in September 1957 which were estimated at that time to amount to about Rs. 990 crores, Rs. 590 crores being on Government account and Rs. 400 crores representing commitments of the private sector. It is now estimated that at the end of March 1958 the figure corresponding to Rs. 990 crores will be Rs. 864 crores of which Rs. 523 crores will represent commitments by Government and Rs. 300 crores commitments by the private sector and Rs. 41 crores commitments for import of steel entered into mainly by the Iron and Steel Controller. Of the Rs. 300 crores of outstanding commitments of the private sector approximately Rs. 200 crores represent normal or perhaps rather less than normal outstandings—since import licensing has been strict in the past year—and only about Rs. 100 crores represent a bunching of commitments on account of capital goods for the Plan.

The division of these imports as between "Private" and "Government" during 1956-57 and the preceding year is shown below:—

(Rs. crores)

| | 1955-56 | 1956-57 | Increase |
|---|---|---|---|
| Imports c.i.f. | | | |
| (*a*) Private (excluding steel) | 546 | 661 | +115 |
| (*b*) Government (including I & S Controller) | 205 | 416 | +211 |
| TOTAL | 751 | 1077 | +326 |

In both cases the increase was substantial but it was proportionately higher in the case of "Government" imports.

3. As is shown in detail in annexure I, the rise in imports and consequent drain on foreign exchange resources is itself *attributable mainly to the attempt to carry out the Second Five Year Plan.* But the shortage has been to some extent aggravated and hastened by the following factors:—

(1) The heavy demands of defence;

(2) The need to import more food grains than was originally anticipated;

(3) The increased requirements of raw materials, components, spares, replacements, etc., for matching the higher levels of industrial production reached in 1955 and 1956 for which some allowance was made in the Plan estimates but has proved to be inadequate;

(4) Rather higher imports of consumer goods in the years 1955-56 and 1956-57 compared with earlier years; and

(5) Increase in prices and in freight rates.

4. The facts and figures in support of these conclusions are given in detail in annexure I, but may be very briefly summarised here. As already stated, there was in 1956-57 a heavy increase of Rs. 326 crores in imports as compared with 1955-56 and in September 1957 there was an over-hanging load of commitments estimated to amount to Rs. 990 crores of which Rs. 590 crores were on Government account.

The Rs. 326 crores' increase in imports in 1956-57 was mainly accounted for by (a) imports of iron and steel and machinery, (b) 'other Government imports' including defence stores, and (c) food-grains, as shown below:—

| | (Rs. crores) |
|---|---|
| Iron and Steel | 63 |
| Machinery | 73 |
| Other Govt. imports including Defence stores | 49 |
| Foodgrains | 73 |
| GRAND TOTAL | 258 |

The balance was largely made up by increases in items required primarily for the maintenance of the economy at a higher level, *e.g.* non-ferrous metals (Rs. 13 crores), oils (Rs. 13 crores), chemicals, drugs and medicines (Rs. 9 crores) as well as smaller increases on account of rayon yarn, raw wool, raw rubber etc. There was, however, a considerable increase of Rs. 13 crores under "net import of currency notes" which probably to some extent reflects gold smuggling. A comparative statement indicating the break-up of imports of principal goods in the years 1955-56 and 1956-57 will be found in Annexure II.

As regards the outstanding commitments, it is estimated that about Rs. 400 crores of the Rs. 590 crores on Govt. account are mainly for Plan projects. Furthermore, a fair proportion of the outstanding commitments of the private sector are also for development projects, the rest being normal outstandings for raw materials etc.

5. It is a matter of no surprise that the attempt to carry out the Plan has caused an adverse turn in the foreign exchange situation. For the Plan as finalised, had a large foreign exchange gap. It was anticipated and explicitly stated in the Plan Document that the foreign exchange situation was going to be difficult throughout the Plan period and that the difficulties were likely to be particularly serious in the early part of the Plan period. The acceptance by Government of a Plan of the dimensions proposed implied firstly a definite decision to run a measure of risk in regard to the foreign exchange position and secondly the readiness to adopt appropriate corrective measures at short notice.

6. The conditions prevailing in the last two years of the First Plan were favourable to the acceptance of a Second Plan of these large dimensions. During most of this period we were adding to our foreign exchange balances. At the same time agricultural and industrial production within the country was steadily mounting,

and the First Plan was being brought to a successful conclusion without encountering any serious difficulties. All this induced a mood of optimism. While it was recognised that there was a large foreign exchange gap it was not appreciated how swift and severe its impact would be on the balance of payments position and what a strict and vigilant control was required from the very outset over foreign exchange commitments. When the drain in foreign exchange reserves became evident, corrective measures were taken, but such was the backlog of the commitments that had already been entered into by that date that the drain inevitably continued long after the measures were introduced to control all further commitments. Since January 1957 the system of foreign exchange budgeting, which was previously in vogue, has been revived and there is now a strict rationing of foreign exchange. Other steps have also been taken to improve the flow of data regarding our foreign exchange position. Consequently we are now in a position to detect and correct in good time any adverse turn in the balance of payments' situation.

M. K. VELLODI,
*Secretary.*

## ANNEXURE I

1. In this annexure some figures are presented in support of what is stated in paragraph 3 of the note regarding the cause of the foreign exchange crisis.

2. Figures regarding the aggravating factors are given first and then figures showing that the increase in imports and the heavy outstanding commitments have been the result mainly of the attempt to carry out the plan.

(1) *Defence*

The foreign exchange expenditure on defence has risen during the past few years and it seems likely that its annual average during the first two years of the Second Plan will be about Rs. 30 crores higher than the average of the preceding three years. Furthermore, the outstanding commitments are exceedingly heavy.

(2) *Foodgrains*

The figures below show the imports of grain, pulse and flour during the past few years:—

| | Quantity ('000 tons) | Value (Rs. crores) |
|---|---|---|
| 1951-52 | 4,793 | 228.12 |
| 1952-53 | 3,999 | 161.28 |
| 1953-54 | 1,436 | 72.48 |
| 1954-55 | 1,227 | 68.37 |
| 1955-56 | 432 | 29.00 |
| 1956-57 | 2,126 | 102.00 (probably about Rs. 35 crores was covered by foreign aid). |
| 1957-58 | 3,692 | 150 (a considerable part is covered by PL 480.) |

It will be seen that during the last three years of the First Plan imports of foodgrains etc., had substantially fallen but in the first year of the Second Plan they have risen sharply to Rs. 102 crores. This compares with an average annual import of Rs. 48 crores worth of foodgrains assumed in the Second Five Year Plan. This assumption has proved so far to be wide of the mark, but it may be recalled that at the time it was made it appeared reasonable. Right uptil July 1955 the Food Ministry was burdened with stocks of foodgrains which it was finding some difficulty in disposing of. Even as late as the early part of 1956, it was contemplated that the foodgrains, which at that time it was agreed to take under PL 480, would be used to build up a reserve and would not have to be issued straight to the public for consumption.

*(c) Increased requirements of raw materials, components etc.*

The index of industrial production (base 1951=100) rose from 113 in 1954 to 122 in 1955, 133 in 1956 and about 140 in the early months of 1957. The higher levels of industrial production achieved year after year involved considerably higher imports of raw materials and producer goods. To a considerable extent this was foreseen and allowed for in preparing the Second Five Year Plan. It seems, however, that there was some under-estimation of the higher requirements though it is difficult to say in precise detail where the under-estimates lay.

In the table below (which is taken from the Reserve Bank Bulletin of July 1957) figures are given of imports of principal goods in the last two years and the annual average presumed for these commodities in the Second Five Year Plan.

(Rs. crores)

| | 1955-56 Actual | 1956-57 Actual | 2nd Plan Average | Increase or Decrease of | Increase or Decrease of |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 2 over 1 | 2 over 3 |
| 1. Foodgrains . . . . | 29 | 102 | 48 | 73 | 54 |
| 2. Machinery . . . . | 138* } | 211* } | | | |
| 3. Vehicles . . . . | 67* } | 61* } | 300 | 67 | —28 |
| 4. Iron & Steel . . . | 70 | 133 | 86 | 63 | 47 |
| 5. Other Metals . . . | 24 | 37 | 44 | 13 | —7 |
| 6. Sugar . . . . . | .. | .. | 7 | .. | —7 |
| 7. Oils . . . . . | 67 | 80 | 82 | 13 | —2 |
| 8. Chemicals, Drugs and Medicines . . . | 34 | 43 | 32 | 9 | 11 |
| 9. Dyes and Colours . . | 16 | 15 | 17 | —1 | —2 |
| 10. Paper, Pasteboard and Stationery . . . | 15 | 15 | 11 | .. | 4 |
| 11. Cutlery and Hardware, Electrical goods and apparatus . . . . . | 41 | 53 | 29 | 12 | 24 |
| 12. Raw Cotton . . . | 58 | 53 | 54 | —5 | —1 |
| 13. Raw Jute . . . | 18 | 8 | 18 | —10 | —10 |
| | 548 | 709 | 680 | 161 | 29 |
| 14. Others . . . . . | 174 | 266 | 140 | 92 | 126 |
| TOTAL . | 751 | 1,077 | 868 | 326 | 209 |

* In each case the total of the two figures is correct but the division between machinery and vehicles is approximate.

In the present context it is primarily items 5—14 in the foregoing table which are relevant. In these items there are no significant increases over the average levels assumed except in the case of items 8, 11 and 14.

The increase under item 8 (chemicals, drugs and medicines) is mainly accounted for by an increase in the import of chemicals and is a direct reflection of the higher levels of industrial production in the country.

The increase under item 11 (Cutlery, Hardware and electrical goods) is also largely a reflection of higher industrial activity since about half of the increase is accounted for by electrical goods.

It will be seen, however, that the main increase—Rs. 126 crores—is under the omnibus item "others" (item 14). It is not possible to give a detailed break-down of this item for purposes of comparison with the assumptions made in the Plan. It covers, however, besides a number of consumer goods discussed in the next sub-paragraph. 'Defence Stores' (the increase in which has already been referred to), and a number of other imports on Government account—amounting to Rs. 40 crores in 1956-57 as compared with Rs. 12 crores in 1955-56—many of which were probably required for the Plan itself. But it also includes some items required for the maintenance of industrial production. A few illustrations can be given; for instance, as compared with 1954-55 imports of rayon yarn have increased by about Rs. 4 crores, staple fibre by about Rs. 1·25 crores, raw wool and wool tops by about Rs. 2½ crores, raw rubber and rubber motor covers by about Rs. 3¼ crores, parts of cycles by about Rs. 70 lakhs, electric motors by about Rs. 50 lakhs. It is probable that in these and other instances there was some under-estimate in the Plan of the requirements for "Maintaining" the economy at the higher levels it has reached.

(4) *Higher imports of consumer goods*

There is a widespread impression that excessive imports of consumer goods in the past 2 years have seriously aggravated our foreign exchange difficulties. The available data hardly confirm this impression. While there has been a rise in imports of a few items, it would seem that over-liberal import of consumer goods

could have had only a relatively small effect. The figures below relate to the principal heads of consumer goods:—

| Commodity | 1954-55 | 1955-56 | 1956-57 |
|---|---|---|---|
| | | | (Rs. crores) |
| 1. Fruits and vegetables | 6·9 | 8·2 | 12·6 |
| 2. Provisions and oilman's stores | 7·1 | 8·7 | 9·7 |
| 3. Spices | 3·8 | 5·9 | 8·5 |
| 4. Oil Seeds | 6·9 | 7·6 | 9·3 |
| 5. Tobacco | 1·18 | 1·47 | 1·32 |
| 6. Vegetable oils | 5·87 | 6·56 | 5·22 |
| 7. Drugs and medicines | 14·10 | 15·77 | 14·0 |
| 8. Paper, pasteboard and stationery | 13·72 | 16·33 | 14·5 |
| 9. Cotton yarns and manufactures | 2·23 | 4·36 | 5·69 |
| TOTAL | 61·80 | 74·89 | 80·83 |

NOTE 1: Figures relating to items 1 to 4 are exchange control data and figures relating to the remainder have been taken from customs returns.

NOTE 2: Some of the above items might be regarded as falling in the category of producer goods.

The increase in the above mentioned items in 1956-57 as compared with the preceding year is only about Rs. 6 crores, but it is nearly Rs. 19 crores compared with 1954-55. The increases have taken place under items 1 to 4 and item 9. In the other items there is not much change.

It may also be mentioned in this context that the value of gold smuggling, as estimated from the figures of net repatriation of Indian currency from abroad, increased from Rs. 10 crores in 1955-56 to Rs. 23 crores in 1956-57.

(5) *Increase in prices and freight rates*

The large increase in the value of imports between 1955-56 and 1956-57 was due mainly to an increase in their *volume* and only to a relatively small degree to an increase in their unit cost arising from higher prices abroad or from higher freight rates. As regards

freight rates, it has been estimated by the Reserve Bank that their rise resulting from the Suez episode accounted for about Rs. 15 to Rs. 20 crores of the increase in the total value of imports. As regards the effects of higher prices of commodities abroad no precise calculations are possible, but some general idea of the extent of the increase can be obtained from the figures given below:

The following shows the trend of export prices between 1954 and 1956 in the United Kingdom—the principal source of India's imports.

| Year | All commodities | Metals | Engineering products | Textile excluding clothing | Other manufactures | Total manufactures |
|---|---|---|---|---|---|---|
| 1954 . . | 100 | 100 | 100 | 100 | 100 | 100 |
| 1955 . . | 102 | 104 | 103 | 100 | 102 | 102 |
| 1956 . . | 106 | 112 | 107 | 99 | 104 | 106 |

It will be seen that while the price index of all export commodities rose by only 6 per cent between 1954 and 1956 the price of metals and engineering products, which bulk largely in our imports in 1956-57, rose by 12 and 7 per cent respectively. These figures give some general idea of the extent to which our import bills in 1956-57 for machinery (Rs. 211 crores) and for metals (iron and steel Rs. 133 crores—other metals Rs. 37 crores) may have been swollen.

In regard to iron and steel more precise figures are available and are given below:—

| | Quantity ('000 tons) | Value (Rs. lakhs) | Price per ton (Rupees) |
|---|---|---|---|
| 1954-55 . . . . . . . . . | 419 | 30,87 | 737 |
| 1955-56 . . . . . . . . . | 925 | 66,46 | 718 |
| 1956-57 . . . . . . . . . | 1,743 | 1,34,80 | 773 |

SOURCE: Customs Data.

If the imports of iron and steel in 1956-57 had been obtained at 1955-56 prices there would have been a saving of about Rs. 10 crores.

3. Defence, foodgrains, and to a less extent the requirements of raw materials, components etc., to sustain increased industrial production, the increase of prices and freight rates and some increase in import of consumer goods account partly for the huge imports of Rs. 1076 crores in 1956-57 and also for their being in excess of the annual average of Rs. 868 crores assumed in the Plan. But apart

from these items there were very heavy increases as compared with 1955-56 in the imports of iron and steel and of machinery. The figures relating to these are given below:—

(Rs. crores)

| | 1955-56 | 1956-57 |
|---|---|---|
| Iron and steel . . . . . . . | 70 | 133 |
| Machinery of all kinds . . . . . . | 138 | 211 |
| | 208 | 344 |

These are the largest single items of increase other than foodgrains. Together they account for Rs. 136 crores or more than one-third of the total rise in imports as compared with 1955-56. Though to some extent attributable to the higher level of industrial activity, they are in the main due simply to the requirements of the Plan.

Imports of iron and steel at Rs. 133 crores are considerably higher than the annual average of Rs. 86 crores assumed in the Plan; but it was recognized in the Plan that the bulk of these imports would be required in the early years before the new steel plants come into operation. These imports, therefore, were in accordance with the Plan; and they were primarily required for plan projects. Thus out of a total allocation of 2 million tons of steel in 1956-57, 460,000 tons went to the Railways as against 295,000 tons in 1955, and 520,000 tons to other Government development schemes as against 350,000 tons in 1955. Private industrial development schemes accounted for 165,000 tons as against 82,000 tons in 1955.

As regards machinery, imports of Rs. 211 crores were rather lower than the average annual amounts assumed in the Plan, but higher by Rs. 73 crores than in the previous year. There is no detailed breakdown of the item 'machinery' but, while some of it may have been required for 'maintenance' a great deal of it was for carrying out the Plan. In the private sector the largest items were textile machinery, sugar machinery, paper and cement machinery, and heavy electrical equipment.

4. So much for the analysis of the imports in 1956-57. As regards the outstanding commitments, the picture is simpler and clearer. Outstanding commitments were estimated to amount in all to Rs. 990 crores at the end of September of which Rs. 590 crores

were estimated to be on Government account, including Defence. The break-up by Ministries is given in Appendix I. A more detailed break-up of this figure is not immediately available, but in Appendix II will be found details of the outstanding commitments on *Plan Projects* as they stood on December 31, 1956. At that time they amounted to Rs. 516 crores.

5. It will be clear from the above figures that the public sector is responsible for well over 50 per cent of the heavy outstanding commitments. Apart from Defence, the Ministries making the heaviest drawals on foreign exchange resources are the Ministries of Railways, Iron & Steel, Irrigation & Power, Transport and Communications. All these Ministries have definite programmes of work designed to produce certain results, *e.g.*, so many tons of steel or kilowatts of power or capacity for freight movement, by given dates. An analysis of the available data does not suggest that any of these Ministries have made commitments precipitately so as to run ahead of their time schedules. Thus, for example, in the case of power projects, out of a total of 44 schemes included in the Plan, little or no foreign exchange commitments have been made on 28 and for the remaining schemes (excluding three which are covered under foreign assistance) requiring Rs. 17 crores of foreign exchange, commitments are yet to be entered into for about Rs. 6 crores. As regards steel projects, the payments and commitments made so far amounting to Rs. 298·5 crores were unavoidable if these steel plants are to be completed according to schedule. In neither of these cases, can it be said that commitments have been entered into prematurely. On the other hand in some cases, *e.g.*, that of coal, there may have been undue delay in placing orders for equipment if the target envisaged in the Plan for 1960-61 is to be reached by then. It may be true that foreign exchange resources were not carefully husbanded, *e.g.*, delegations may have been sent abroad too freely and the construction of too many large buildings undertaken requiring foreign exchange for steel, lifts, and for electrical and air-conditioning equipment. But these extravagances have involved lakhs rather than crores. There is no evidence that excessive or premature commitments for *Plan Projects* were made by any Ministry on a large scale.

6. In respect of the Rs. 400 crores of outstanding commitments of the private sector, no detailed breakdown is available. A great part of these commitments represents outstanding licences for import of raw materials, producer goods and consumer goods for the maintenance of the economy. But a part—provisional figures

indicate about 40 per cent—represents purchases of Capital and Producer goods for carrying out development projects of the private sector. In regard to these purchases and to the corresponding imports in 1956-57 the question arises whether the private sector (1) has gone beyond what was laid down in the Plan or (2) has gone ahead too fast towards the attainment of Plan targets.

The answer to (1) is certainly in the negative. Targets were laid down in the Plan for 51 industries; coal mining and the supply of electric power, in both of which private enterprise plays some part, are also covered by the Plan. There are, of course, other wide fields of private enterprise not included in the Plan, but all these taken together do not directly give rise to very significant demands for foreign exchange.

As regards coal mining and electric power, the private sector has not gone beyond targets laid down in the Plan.

As regards the 51 industries for which targets were fixed, there are 11 in which, for various reasons, licences have been issued under the Industries (Development & Regulation) Act in excess of the capacities originally laid down (*vide* Appendix III). But except in the case of the bicycle industry actual *import* licences have not been granted in excess of the Plan targets and in most cases the targets will not be reached without further expenditure of foreign exchange. Hence the excess licensing under the Industries (Development & Regulation) Act has so far had no effect at all on the foreign exchange position except to a quite insignificant extent in the case of the bicycle industry. (It may be explained that the excess licensing is more apparent than real and is for the most part due either to targets having been revised upwards or to a desire to make good casualties which were known to be likely to occur).

The answer to (2) above is also probably in the negative, but cannot be given with quite the same certainty. Industrial targets were laid down for attainment by 1960-61. Annual targets were not indicated. In one sense it can definitely be said that the private sector has not gone too fast *viz.* in the sense that it has in no industry created excessive capacity in relation to present demand. But if within the first 1½ years of the Plan the private sector has advanced very far towards the targets of capacity proposed for the last year, then it may be said to have gone ahead faster than was

intended. There are a few industries in which this seems to have taken place. These are indicated below:—

| Industry | Unit | Capacity 1955-56 | Capacity 1956-57 | Capacity 1957-58 (estimate) | Target capacity 1960-61 | Approximate foreign exchange expended for capacity under col. (5) (Rs. crores) |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Sugar . . . | Mill tons | 1·74 | 1·89 | 2·24 | 2·50 | 25·0 |
| Bicycle . . | '000 Nos. | 627 | 650 | 1,100 | 1,000 | 1·0 |
| Electric Transformers | '000 KVA | 657 | 934 | 1,346 | 1,500 (2,200) | 0·4 |
| Electric Motors . | '000 HP | 263 | 339 | 450 | 600 (1,250) | 0·3 |
| A.C.S.R. Conductors. . | Tons . | 13,370 | 13,370 | 21,570 | 21,570 (30,000) | 0·5 |

(Figures in brackets under col. (6) are the revised targets of capacity.

In the case of the last three items the capacity targets have been revised upwards. Viewed against these revised targets the progress made cannot be considered to be unduly rapid.

In any case, it will be clear from the figures in column 7, that if expansion has been rather more rapid than the Plan envisaged the effect of this on the overall foreign exchange position has not been appreciable.

7. In conclusion some overall figures relating to major imports from 1952-53 to 1956-57 are given in Appendix IV. It will be seen that in the last two years there has been a great increase in the import of both capital and producer goods and a smaller increase in the import of consumer goods. (These figures have been extracted from Customs data and are not strictly comparable with the figures given elsewhere in the annexure which are mainly taken from the exchange-control data).

# APPENDIX I

*Outstanding foreign exchange commitments on Government and private Account as on 30th September, 1957*

(Rs. crores)

| | |
|---|---|
| I. *Ministries of the Government of India :* | |
| Ministry of Steel, Mines & Fuel . . . . . . . | 236·37 |
| Ministry of Railways . . . . . . . . . | 96·00 |
| Ministry of Transport & Communications . . . . . . | 19·01 |
| Ministry of Irrigation & Power . . . . . . . . | 16·00 |
| Ministry of Food & Agriculture . . . . . . . | 10·69 |
| Other Ministries and State Governments . . . . . . | 211·65 |
| TOTAL—GOVERNMENT | 589·72 |
| II. Estimated outstanding commitments on account of the Private Industry. | 400·00 |
| III. Grand total of all outstanding commitments as on 30-9-1957. | 989·72 |

# APPENDIX II

## *Firm Foreign Exchange Commitments on Plan Projects Outstanding as on December 31, 1956*

(Rs. crores)

| | |
|---|---|
| I. *Ministry of Railways* | |
| Railways | 82·44(1) |
| II. *Ministry of Iron and Steel* | |
| Three steel projects | 284·47 |
| Mysore Iron & Steel Works | 0·22 |
| TOTAL—(MINISTRY OF IRON AND STEEL) | 284·69 |
| III. *Ministry of Production* | |
| Sindri Fertilizers | 5·54 |
| Hindustan Shipyard (including dry dock) | 5·56 |
| Machine Tools Factory | 1·81 |
| Cables Factory | 0·09 |
| National Instruments Factory | 0·08 |
| Antibiotics | 0·13 |
| Nangal Fertilizers | 0·49 |
| D. D. T. (Alwaye) | 0·28 |
| Lignite Project | 2·55 |
| Heavy Electricals | 0·13 |
| Coal | 2·62 |
| TOTAL—(MINISTRY OF PRODUCTION) | 19·28 |
| IV. *Ministry of N.R. & S.R.* | |
| Geological Survey of India | 0·04 |
| Survey of India | 0·03 |
| Council of Scientific & Industrial Research | 0·81 |
| Indian Bureau of Mines | 1·65 |
| Oil & Natural Gas Commission | 1·53 |
| TOTAL—(MINISTRY OF N. R. & S.R.) | 4·06 |
| V. *Ministry of Transport* | |
| Ports & Lighthouses | 5·48 |
| Delhi Road Transport Authority | 0·38 |
| Ganga Brahmputra Transport Board | 0·83 |
| Shipping | 26·20 |
| Roads | 0·05 |
| TOTAL—(MINISTRY OF TRANSPORT) | 32·94 |

(1) Excluding Steel

VI. *Ministry of Communications*

| | |
|---|---|
| Posts & Telegraphs | 4·40 |
| Indian Telephone Industries | 0·15 |
| Works at various aerodromes | 0·24 |
| Aeronautical Telecommunication service | 1·18 |
| Indian Airlines Corporation | 5·98 |
| Air India International | 7·06 |
| Others (1) | 0·31 |
| TOTAL— (MINISTRY OF COMMUNICATIONS) | 19·32 |

VII. *Ministry of W.H. & S.*

| | |
|---|---|
| Schemes carried over from the First Plan | 0·10 |

VIII. *Ministry of Food & Agriculture*

| | |
|---|---|
| Sugar factories | 4·70 |
| Other schemes | 20·65 |
| TOTAL—(MINISTRY OF FOOD & AGRICULTURE) | 25·35 |

IX. *Ministry of Irrigation and Power*

| | |
|---|---|
| Power Projects | 45·00 |
| Irrigation Projects | N.A. |

X. *Ministry of Education*

| | |
|---|---|
| Institutes, Scholarships & Audio-visual Schemes | 0·56 |

XI. *Ministry of Information and Broadcasting.*

| | |
|---|---|
| Transmitters | 0·22 |
| Permanent studios | 0·04 |
| Projects carried over from Ist Plan | 0·10 |
| Others | 0·02 |
| TOTAL—(MINISTRY OF I. & B.) | 0·38 |

XII. *Ministry of Health*

| | |
|---|---|
| Hospital equipment | 0·08 |

XIII. *Ministry of Finance*

| | |
|---|---|
| Silver refinery project | 0·12 |
| Construction of Press at Nasik | 0·50 |
| Import of currency and bank note paper | 1·00 |
| Others | 0·27 |
| TOTAL—(MINISTRY OF FINANCE) | 1·89 |

XIV. *Department of Atomic Energy*

| | |
|---|---|
| Atomic energy establishments | 0·41 |
| GRAND TOTAL | 516·50 |

(1) Including Indian Meteorological Deptt., Wireless Planning and Co-ordination, Overseas Communication Service and Aeronautical Research and Development.

# APPENDIX III

| | Target | Capacity Licensed |
|---|---|---|
| 1. Rayon filament (Million lbs.) | 68·0 (100·0) | 100·0 |
| 2. Electric transformers (Million KVA) | 1·50 (2·2) | 1·91 |
| 3. Electric motors (Million HP) | 0·6 (1·2) | 1·07 |
| 4. Refractories (Million tons) | 1·0 | 1·25 |
| 5. Rubber manufactures : | | |
| Tyres (Million Nos.) | 1·46 | 2·02 |
| Tubes (do.) | 1·46 | 1·89 |
| 6. Bicycles (Million Nos.) | 1·00 | 1·27 |
| 7. Paper ('000 tons) | 450 | 560 |
| 8. Soda ash ('000 tons) | 253 | 360 |
| 9. Caustic soda ('000 tons) | 150 | 224 |
| 10. Alcohol (Million gallons) | 36·0 | 45·0 |
| 11. ASCR Condutors (Tons) | 21,570 (30,000) | 30,000 |

(Figures in brackets are the revised targets of capacity).

# APPENDIX IV

## *Major Imports into India*

(Value in Rs. lakhs).

| | 1952-53 | 1953-54 | 1954-55 | 1955-56 | 1956-57 |
|---|---|---|---|---|---|
| Capital goods . . | 138,69 | 124,39 | 135,07 | 194,47 | 253,17 |
| Producer goods . . | 281,41 | 272,87 | 304,27 | 329,22 | 433,68 |
| Consumer goods (excluding cereals and sugar) . | 60,99 | 70,43 | 75,09 | 90,83 | 95,01 |
| | 481,09 | 467,69 | 514,43 | 614,52 | 781,86 |

# ANNEXURE II

*Break-up of Imports of Principal Goods in the years* 1955-56 *and* 1956-57

(Rs. crores)

| Sl. No. (1) | Items (2) | 1955-56 Actuals (3) | 1956-57 Actuals (4) | Increase+ or decrease (—) of col. (4) over (3) (5) |
|---|---|---|---|---|
| 1. | Foodgrains | 29·0 | 102·0 | +73·0 |
| 2. | Machinery | 138·0 | 211·0 | +73·0 |
| 3. | Vehicles | 67·0 | 61·0 | —6·0 |
| 4. | Iron & Steel | 70·0 | 133·0 | +63·0 |
| 5. | Other Metals | 24·0 | 37·0 | +13·0 |
| 6. | Oils | 67·0 | 80·0 | +13·0 |
| 7. | Chemicals, Drugs & Medicines | 34·0 | 43·0 | +9·0 |
| 8. | Dyes & Colours | 16·0 | 15·0 | —1·0 |
| 9. | Paper, Paste Board and stationery | 15·0 | 15·0 | |
| 10. | Cutlery & Hardware and Electrical goods and apparatus | 51·0 | 53·0 | +12·0 |
| 11. | Raw Cotton | 58·0 | 53·0 | —5·0 |
| 12. | Raw Jute | 18·0 | 8·0 | —10·0 |
| | | 548·0 | 709·0 | +161·0 |
| 13. | *Others* | 174·0 | 266·0 | +92·0 |
| | (*a*) Fruits & Vegetables | 8·2 | 12·6 | +4·4 |
| | (*b*) Provision & Oilman stores | 8·7 | 9·7 | +1·0 |
| | (*c*) Spices | 5·9 | 8·5 | +2·6 |
| | (*d*) Seeds | 7·6 | 9·3 | +1·7 |
| | (*e*) Rubber Manufactures | 0·9 | 3·0 | +2·1 |
| | (*f*) Cotton yarn & Manufactures | 5·0 | 6·9 | +1·9 |
| | (*g*) Woollen yarn and Manufactures | 7·6 | 10·8 | +3·2 |
| | (*h*) Aircraft and parts, ships and parts | 8·2 | 14·1 | +5·9 |
| | (*i*) Rayon Textiles | 14·3 | 17·1 | +2·8 |
| | (*j*) Net Import of currency Notes | 10·2 | 22·9 | +12·7 |
| | (*k*) Miscellaneous Manufactures | 13·2 | 17·2 | +4·0 |
| | (*l*) Unspecified | 50·9 | 51·2 | +0·3 |
| | TOTAL—PRIVATE | 140·7 | 183·3 | +42·6 |
| | (*m*) Government Others including Defence Stores | 33·3 | 82·7 | +49·4 |
| | GRAND TOTAL | 751·0 | 1077·0 | 326·0 |

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